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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

Internal Audit Section

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September 13, 2006

Nick Yung, Refuse Commissioner
Department of Streets-Refuse Division
4100 South First Street
St. Louis MO 63118-3390

RE: Follow-Up Review of the Department of Street-Refuse Division Fiscal
Management (Project #2006-F9)

Dear Mr. Yung:

We have conducted a limited follow-up review of the Department of Street-Refuse Division, Fiscal Management (Project #2004-F20) issued May 18, 2005. This follow-up review was conducted under authorization contained Article XV, Section 2 of the Charter, City of St. Louis, as revised and conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. A limited follow-up review does not necessarily involve detailed testing or verification, but instead relies on communication with department management and staff, as well as limited observations.

The purpose of this follow-up review is to determine the status of the unresolved observations in the report issued May 18, 2005 as of March 30, 2006.

We determined that the following observations have been resolved:

Opportunity to Improve Controls over Resident Recycling Fees and Monitoring of Contractor Billings (Observation #1)

We obtained and reviewed a sample email log of conversations with customers during the period of February to March 2006. Overall, the conversations ended with customers stating there were no problems with curbside recycling services.

Opportunity to Develop and Implement a Fiscal Policies and Procedures Manual (Observation #6).

We were provided copies of the procedures for maintaining and updating fixed asset records. We also reviewed the procedures for time keeping functions (attendance sheets and leave slips) and reporting payroll to the Comptroller's Office Payroll Section. The procedures appear to be adequate.

Opportunity to Develop Specific Job Descriptions (Observation #7).

We reviewed copies provided of the job descriptions for the Commissioner of Refuse, Deputy Commissioner of Refuse and Refuse Route & Safety Coordinator. The job descriptions appear to be adequate.

We determined that the following observation has been partially resolved:

Opportunity for Revenue Control and Improvement (Observation #4)

We were not provided documentation of the Clerical Supervisor's review of the PSC Metals Variance Sheet and the Labor Foreman's verification of entries to the log book maintained by the clerk in the salvage yard booth. Also, we were not provided documentation of follow-up procedures for outstanding invoices (payments due from salvage company for scrap metal sold).

The Refuse Division is scheduling a meeting with the metal hauler to develop procedures for verifying and processing scrap metal sales load weight invoices.

Subsequent Event

On September 8, 2006, we were provided documentation of the Clerical Supervisor's review and the follow-up procedures for outstanding invoices. Therefore, we consider this observation as resolved.

The Refuse Division declined our offer of an exit conference to discuss our determination of the status of each observation. However, written management responses were provided to us on September 8, 2006 and have been attached to this report.

If you have any questions, please contact me at (314) 589-6132.

Respectfully,


Sedrick D. Blake, CPA
Internal Audit Executive

Attachment

cc: Honorable Darlene Green, Comptroller
Ronald Smith, City Operations Manager, Office of the mayor
James Suelmann, Director-Department of Streets



Francis G. Slay, Mayor

City of St. Louis
DEPARTMENT OF STREETS
REFUSE DIVISION
4100 South First Street
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James Suelmann, Director of Streets
Nicholas Yung, Commissioner of Refuse

September 8, 2006

Mr. Sedrick D. Blake, CPA
Internal Audit Executive
Internal Audit Section
Carnahan Courthouse Building
1114 Market, Room 608
St. Louis, MO 63101

Re: Exit Conference-Follow-Up Review of the Department of Streets -
Refuse Division Fiscal Management (Project #2006-F9)

Dear Mr. Blake:

As requested, listed below is an update to the management responses in regard to the audit conducted at the Refuse Division.

(Observation #4) Opportunity for Revenue Control and Improvement

Recommendation: Clerical Supervisor should check tickets against the handwritten log of scrap metal sales load weight invoices prepared by a weight scale Clerk and verified for completeness by the supervising Labor Foreman II.

Response: The following are procedures that were put in place as recommended.

Scale room records scrap metal collected. These records include date, time, gross weight, tare weight and net weight. These records are reviewed by the supervising Labor Foreman, initialed, copied and provided to the Clerical Supervisor weekly.

Administrative Assistant to the Commissioner logs receipt of payment and stamps check "For Deposit Only". The check and statement that came with the check is given to the Account Clerk II for deposit. Account Clerk II deposits payment and gives copy of check/statement to the Clerical Supervisor.

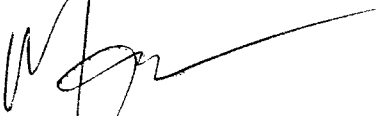
The Clerical Supervisor uses a spreadsheet to record variances between Refuse Division scale room and PSC metal statement. Clerical Supervisor contacts PSC Metal to resolve excessive variances or omitted invoices. Clerical Supervisor contacts supervising Labor Foreman to

resolve missing weights or other scale room issues. Clerical Supervisor orchestrates payments owed or due to both parties. Clerical Supervisor records necessary explanation of omitted invoices, variances and monies due or owed on the variance report. Clerical Supervisor retains printed copy of variance report statement and copy of check. Clerical Supervisor notifies Account Clerk II of adjustments of monies.

A copy of the log book for January 2006 through August 2006 is included along with an example of the PSC Metals variance sheets.

If you need additional information, please contact me. Thank you.

Respectfully,

A handwritten signature in black ink, appearing to read 'Randy Breitenfeld', with a long horizontal stroke extending to the right.

Randy Breitenfeld
Deputy Refuse Commissioner

RB:pc
attachment